

REMARKS

Applicants reply to the Office Action dated October 30, 2006 within the shortened three-month statutory period for reply. Claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64 were pending in the application and the Examiner rejects claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments. Reconsideration of this application is respectfully requested.

Claims Rejected under 35 U.S.C. § 103

The Examiner rejects claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64 under 35 U.S.C. § 103(a) as being unpatentable over Walker et al., U.S. Patent No. 5,794,207 ("Walker 1") in view of Walker et al, U.S. Patent No. 6,108,639 ("Walker 2") and in further view of Gopinathan et al., U.S. Patent No. 6,330,546 ("Gopinathan"). Applicants respectfully traverse this rejection.

Walker 1 discloses a system whereby an offer to buy is distributed to a number of suppliers for consideration. Specifically, the Walker 1 system enables a buyer to submit a binding purchase offer globally to potential sellers. The binding purchase offer defines the price and other terms that the buyer would find acceptable. The binding purchase offer is submitted along with the buyer's credit card number to a central processor which verifies whether the buyer has a sufficient credit balance to cover a purchase at the buyer defined price. The binding purchase offer is then searchable by any number of sellers who may accept a binding purchase offer. The credit card of the buyer is charged for the amount of the purchase and the seller provides the item or service to the buyer.

Walker 2 discloses a system that is very similar to that of Walker 1; however, the Walker 2 system is directed primarily toward the trade of collectables. As disclosed by Walker 2, the trade of collectables over online commerce is unique in that the precise condition of the collectable is unknown to the buyer. Therefore, in order to apply the binding purchase offer system of Walker 1, Walker 2 discloses a third-party dealer/authenticator who receives a collectable from the seller when a binding purchase offer has been accepted. The dealer/authenticator determines whether the collectable meets the conditional criteria defined within the binding purchase offer. If the dealer/authenticator confirms the collectable's condition, then the binding purchase is invoked causing the credit card of the buyer to be debited, an account of the seller to be credited, and the collectable to be shipped to the purchaser.

Both Walker 1 and Walker 2 disclose systems for promoting and managing online commerce. Each reference further discloses a means for protecting both the buyer and the seller from fraudulent purchase transactions. However, this assurance does not provide for the determination of whether the use of the credit instrument for payment in the transaction is not fraudulent. In other words, there are no safeguards disclosed preventing a buyer from paying for goods or services with a stolen credit card. According to both Walker 1 and Walker 2, if a clearinghouse determines that there is an adequate line of credit available for a purchase, the purchase is allowed to proceed.

Gopinathan generally discloses an automated system for detecting fraudulent transactions through implementation of predictive models. Specifically, the Gopinathan system uses historical data relating to known high risk and low risk transactions in relation to a number of financial account holders to create risk models. When a request is received from a transacting entity (e.g., a clothing store), the Gopinathan system evaluates the transaction parameters against a risk model corresponding to the account holder's profile type. Transaction parameters may include, for example, transaction amount, transaction entity location, transaction time, elapsed time between transactions, and the like.

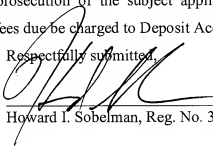
Based on a real-time analysis of the transaction, the Gopinathan generates a risk score. The risk score is transmitted to the transacting entity, where a decision is made whether or not to allow the transaction to continue. Thus, similar to the manner by which transactions based on creditworthiness are presently conducted, the system enables the transacting entity to make a final determination as to finalize the transaction. In other words, the Gopinathan system serves an advisory role in helping the transaction entity to determine whether the level of risk is acceptable. Note, however, that the Gopinathan system does not allow or disallow transactions based on the level of risk; therefore, the burden remains with the transacting entity. Those of ordinary skill in the art would appreciate that such a system would not be practical in environments where arbitrary decisioning is left to employees with little training and/or expertise in risk analysis. For example, a department store cashier would be forced to make perhaps hundreds of such decisions daily. Furthermore, there is little likelihood that a transacting entity would take such a role. For example, it would not be in the best interest of Sears department stores to determine the prospective exposure to fraud attached to each transaction facilitated through use of an American Express credit card.

In relation to Gopinathan, the Examiner specifically recites a portion of the Background of the Invention that describes prior art fraud detection systems. The recitation of Gopinathan relates to efforts to detect fraudulent credit card activity even prior to receiving a lost or stolen report from the card holder. Gopinathan does not disclose or suggest where and when such fraud detection is facilitated; however, it must be assumed that it takes place following at least one fraudulent use of the credit card because multiple fraudulent uses are required (e.g., number of transactions occurring in a twenty-four hour period) to determine probable fraud. Moreover, the description of the prior art does not disclose preventing the completion of a transaction based on such determination. As such, neither Walker 1, Walker 2, Gopinathan, nor any combination thereof, disclose or suggest at least, "comparing, at said transaction mechanism, said transaction information with previous transaction information to determine whether said request to debit said first financial account is fraudulent," and "debiting, at said transaction mechanism, funds from said first financial account in the amount of a sales price of said item when said request to debit said first financial account is not fraudulent," as similarly recited by independent claims 6, 25, 38, and 57.

Claims 2-5, 7-10, 15-16, 21-24, 53-56, and 58 variously depend from independent claims 6, 25, 38, and 57. As such, dependent claims 2-5, 7-10, 15-16, 21-24, 53-56, and 58 are differentiated from the cited references for at least the reasons set forth above, as well as in view of their own respective features.

In view of the above remarks and amendments, Applicants respectfully submit that all pending claims properly set forth that which Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. Applicants authorize and respectfully request that any fees due be charged to Deposit Account No. 19-2814.

Respectfully submitted,


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